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(When Filled In)

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SPEED LETTER

REPLY REQUESTED

DATE

13 December 1968

YES X NO

LETTER NO.

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TO [] Room 103S, Ames Bldg.

FROM []

TSSG/DED

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ATTN:

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SUBJECT: Contract [] for Three Prototype Light Tables

REFERENCE: [] Letter [] dated 14 November 1968

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1. In the referenced letter -- a copy attached -- [] claims that the fee awarded under the subject contract should have been [] instead of the target [] (the minimum technical award).

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2. NPIC's position remains as previously stated in that the technical award should be the minimum []. The contractor fails to realize that the contract was to develop an item which had never been built before and that the Government is paying him for his design talent. The contract did not have specifications, but had generalized objectives to achieve specific goals. The objectives did not describe the specific method to be used, but did specify the goal to be achieved. Additionally, they seem to fail to remember that under this type of cost contract, the amount of the award is discretionary with the Contracting Officer.

25X1

3. The contractor did not meet the goals. One light table was not "acceptable" and another was not completed, yet the Government paid all the costs because the agreement consisted of a cost type contract. The instruments were not operationally

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DATE

acceptable; therefore, there is absolutely no reason to award a higher fee, especially since NPIC was unwilling to allocate additional funds to rectify the numerous deficiencies.

4. Specifically some of these deficiencies on the [] instrument are:

25X1

a. The instrument did not conform to the measuring accuracy required in the objectives.

b. The film transport slipped in certain transport modes and in some modes it was not sensitive enough.

c. The film transport was extremely noisy and the light source buzzed; both of which can not be tolerated in an operational environment.

d. The unit was larger than desired in the Objectives.

5. As to the items listed in the attached document that were "included in design but not included in the contract", items 1, 2 and 3 were required because the instruments were required by the objectives to hold the film flat without scratching it. Item 4 is good engineering practice, yet where friction reduction

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ORIGINATOR'S SUSPENSE

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SECRET

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SPEED LETTER		REPLY REQUESTED		DATE 13 December 1968	
TO : ATTN:		YES	NO	LETTER NO. Page 2	
FROM:					

was needed the most -- in the microscope transport mechanism -- this method was ignored. As to item 5, shades were required by the objectives to mask all of the viewing surface not actually covered by the film as stated in the Design Objective 4.1.4 on model [] and 4.1.1.4 []. As to item 7, the instrument could not be evaluated because it was not completed.

6. The solenoid covers merely prevented the operator from getting burned on the hot solenoid units. Items 9 and 10 were the contractor's choice to accomplish the goal. Item 11 prevented film scratching, a requirement of the objectives. Items 12 through 17 were merely methods of satisfying the goals. Item 18 was not even requested by the Government. It is a deficiency because it requires the unit to be larger than necessary.

7. The contractor was extremely late in delivering the first two units and the third instrument was never completed. The first unit was six months late on a six month effort and the second unit was over a year late and never "acceptable". For all of the reasons listed above the contractor's technical award should not be increased.

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ORIGINATOR'S SUSPENSE

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14 November 1968

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Reference: Contract [redacted]

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Dear Sir:

We have been advised informally by the Contracting Officer that the fee to be awarded on the above referenced contract will be only [redacted] of the target cost. The justification for this decision was reported to us as "late delivery," "financial overrun," and "inferior performance." Although this was disclosed to us informally, we are disturbed about the financial outcome of the contract and, perhaps of more importance, the effect this may have in terms of our general reputation with Government agencies.

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[redacted] believes that this evaluation is unfair. The evaluation, we feel, is based on the Government's narrow view of the required operational characteristics of the equipment. This view, we believe, is founded on a subjective interpretation of the specifications by the Government's technical representatives. We have conformed basically to the specifications and have extended ourselves to provide other functions and performance characteristics which were not included in the original design objectives. The three equipment designs supplied were complex in nature, built to incorporate a number of features for evaluation purposes. The sheer number of controls on each unit (approximately thirty) is an indication of the complexity necessitated by the requirements of the specifications. This degree of complexity and the lack of definitive specifications accounts for the delivery delay and most of the alleged operational problems during evaluation.

25X1

The purpose of this contract was to build a number of light tables with performance characteristics which would facilitate and improve the efficiency of the photo-interpretation operation. Ostensibly these tables were to be used to establish the value of additional performance capabilities in an operational situation compared to the present techniques and equipment. The result has apparently been negative; however, we believe that this is not [redacted] fault and that we are being penalized because of the failure of the basic concept to work out satisfactorily.

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-2-

14 November 1968

In addition, we believe that we are being penalized as a result of our extraordinary efforts to cooperate with the Government's technical representatives by supplying refinements and features not specifically called for in the Design Objectives. These amount to some eighteen items (list attached). We agreed to incorporate these items at a point in time when it appeared that they would not cause an increase in target cost. However, they caused an increase in cost and, furthermore, complicated the operation of the equipment [redacted] is not to blame for this situation, and we find it disconcerting that we have, in effect, been criticized by virtue of reduction of the contract fee.

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We would appreciate your reconsideration of the merit of our effort in view of the fact that a) the program was a development intended to produce a new, sophisticated group of instruments, b) the Design Objectives were not definitive, c) many new features and performance characteristics were added, and d) the original intent of the program was to explore the possibility of using more sophisticated equipment for photo-interpretation, and the apparent failure of equipment in actual use to achieve a dramatic improvement over existing equipment is not the fault [redacted]

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Attached hereto is an analysis of costs incurred on subject contract, using the approved rates. Direct costs amounted [redacted] The contract cost amounts [redacted] The slight difference in the two amounts is insignificant and is due to slight differences in the approved rates and the rates estimated at the time work ceased. We feel under the factors stated above the fee award should be [redacted] Using the contract cost amount, less the cost incentive factor for the approved overrun, plus the [redacted] fee on the target cost (Amendment 1), taken from the amount paid to date, we request additional funds in the amount of [redacted] Enclosed is an invoice in that amount. Early payment would be appreciated.

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If you desire additional information to further substantiate the facts and opinions stated above, please do not hesitate to contact us.

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Very truly yours,

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14 November 1968

FEATURES INCLUDED IN DESIGNS BUT NOT INCLUDED IN THE CONTRACT

25X1

1. Automatic raising and lowering of film rollers
2. Time delay on automatic lowering of rollers and platen
3. Inclusion of pressure platen on ☐ unit
4. Ball bearings instead of sleeve bearings to reduce friction
5. Microscope mounts, modified to eliminate swivel
6. Center shades on all units
7. Greater general illumination ☐
8. Solenoid covers on all three units
9. Motorized tilting ☐ including electrical limit stops
10. Elimination of mechanical stay or prop ☐ to hold unit in elevated position
11. Machined high precision chrome plated rollers on all units instead of segmented nylon
12. Increased versatility of operation of the film drives, that is, addition of capability of operating either film drive with either handwheel
13. Switch for maximum intensity on brightness
14. Independent servo drives
15. Film guides ☐ for ease of loading
16. Electromechanical brakes on film spools
17. Addition of various sheet metal covers on units
18. Greater microscope travel on ☐ units

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Next 1 Page(s) In Document Exempt